

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

WAR FOOD ADMINISTRATION
COMMODITY CREDIT CORPORATION
OFFICE OF SUPPLY

Finance Letter No. 61
Classification 511.1
512.1
551.3

ESTABLISHMENT AND LIQUIDATION OF OBLIGATIONS
UNDER SECTION 32 FUND LUNCH PROGRAMS FOR
SCHOOLS AND CHILD CARE CENTERS

- I. GENERAL: Allotments of Section 32 funds by states within a region are made by the Budget and Organization Division to Regional Directors of CCC (OS) for operation of 1944-45 Lunch Programs for schools and child care centers. The Regional Director may break down the state allotment between indemnity and direct distribution phases of the program. The Civilian Food Requirements Branch of CCC(OMS), when planning the Section 32 Fund Lunch Programs for schools and child care centers, will adjust the program period within a state wherever necessary and will advise the appropriate Regional Finance Office in detail of the adjustment of obligations (period and/or amount) in order to coordinate the obligations of the programs with the amount of funds allotted for expenditure in the operation of such programs in the state. Obligations will be computed by the Regional Civilian Food Requirements Division on the basis of individual agreements with program sponsors and if the total contingent obligations under such contracts for a state will exceed the amount of funds allotted for expenditure in the state, the period of the program under such contracts may be reduced to the extent necessary to permit the establishment of obligations within the limitation of funds allotted for expenditure in the state and to permit the participation of all sponsors.

Periodically, the regional operating division will review its estimates of financial needs of the program in each state. If this review reveals that previous estimates of obligations for the current period are in excess of the actual expenditures applicable to the period, the Division may either extend the program period to the extent permitted by the over-obligation for previous periods or request reduction of the obligation for the excess. All action leading to revision either of obligations or of program period within a state must be authorized by the Regional Civilian Food Requirements Division.

No adjustments will be made in allotments to states except upon receipt of allotment advice from the Budget and Organization Division.

II. INDEMNITIES:

A. Documentation Affecting Obligations.

Form No. FDA 509, "Request for Change in Encumbrance" will be prepared and furnished by the regional operating division to adjust obligations pertaining to the indemnity lunch programs. A separate form will be submitted for each state and each program and will be supported by a schedule (except if the requested change does not

Program Contract Accounting
Commodity Voucher Examination
Special Procedure

II. A. (Cont.)

involve a revision of the program plans, period, etc., the schedule will not be required) showing for each agreement the following details:

1. Contract number
2. Name of sponsor
3. Annual contractual obligation
 - a. Amount
 - b. Period
 - From (month)
 - To (month)
 - c. Number of months
4. Adjusted obligation
 - a. Amount
 - b. Number of months
 - c. Projected monthly rate of obligation

The total amount previously obligated, if any, will be shown on the schedule in the same column as, and subtracted from the total of, item 4a and the difference will be shown thereon as the amount of the increase (or decrease). The total adjusted obligation, increase or decrease, and total previously obligated should agree with the respective entries on Form FDA 509.

The above described documentations for use in establishing obligations pertaining to the indemnity lunch programs will be utilized by the regional operating division as soon as possible but beginning not later than February 1, 1945. Until such time as Form FDA 509 is utilized, obligations will be authorized and established from the individual agreements with the sponsoring agencies in the amount and for the period indicated thereon by the regional operating division.

Certified disbursement vouchers will be used to liquidate in whole or in part previously established obligations. Liquidations will be in the approved amounts of the vouchers, except when the unliquidated balance is less than the last voucher(s), the amount to be shown for liquidation on such voucher(s) will be the unliquidated balance for the state shown on the obligation control sheet for the

II. A. (Cont.)

state (Exhibit A).

B. Processing of Documents Affecting Obligations

1. Program Contract Accounting Section

Sponsors' contracts will be received in the Regional Program Contract Accounting Section where they shall be placed in contract folders (a separate folder for each contract). The folders will be grouped in the contract file in numerical sequence by states.

The Regional Program Contract Accounting Section shall establish and maintain an obligation control sheet for each state in a form similar to that presented as Exhibit A. For the purpose of opening this record, arrangements should be made with the Fund Accounting Section for a cut-off date. After all documents affecting unliquidated obligations have been posted to the allotment accounts up to the cut-off date, the amount of unliquidated obligations as shown by the allotment accounts for each state and phase of the lunch program should be entered on the respective obligation control sheets.

Encumbered Forms No. FDA 509, authorizing the adjustment of obligations, will be returned to the Program Contract Accounting Section by the Fund Account Section. They shall be recorded by the Program Contract Accounting Section on the obligation control sheet in the folder for the appropriate state, and should be filed in the folder. The amount to be recorded will be the amount of increase or decrease shown on the Form FDA 509 except, however, if the obligation control sheet shows no unliquidated balance of obligations, the total amount of claims certified for payment (as recorded on the obligation control sheet) should be subtracted from the amount of "Adjusted Encumbrance" shown on Form FDA 509 and the difference will be the amount of increase to be recorded.

Claims from sponsors shall be processed by the Program Contract Accounting Section in accordance with Finance Instruction No. 551.3. The appropriate allotment code symbol, the amount off payment, the amount to be liquidated, and the objective classification shall be entered by the examiner in the appropriate spaces on the accounting copy of each voucher. Certifications shall be totaled daily by state and this total shall be entered on the obligation control sheet for the state as a reduction of the unliquidated obligation.

II. B. 1. (Cont.)

Accounting copies of claims and disbursement schedules shall be routed to the Fund Accounting Section. The original vouchers and the original and required number of copies of the schedule of disbursements shall be transmitted direct by the Program Contract Accounting Section to the disbursing officer except where total certifications exceed the unliquidated obligations, the original vouchers, etc., shall be routed to the Fund Accounting Section, together with the accounting copies of such certified documents.

When it becomes apparent that certifications will exceed the balance of unliquidated obligations shown on the obligation control sheet for a state, the Program Contract Accounting Section shall enter the total amount of liquidations (but not exceeding the unliquidated balance) on the obligation control sheet, and shall advise the regional operating division promptly that the authorized obligation for the state has been exceeded. The vouchers and schedules shall be forwarded to the Fund Accounting Section as described above.

The obligation control sheets shall be verified each month as to amount of unliquidated obligations with the respective allotment accounts in the Fund Accounting Section.

Claims that have been deleted from schedules by the Fund Accounting Section for insufficiency of allotted funds and have been returned to the Program Contract Accounting Section shall be returned by the Program Contract Accounting Section to the regional operating division, after making necessary revisions and deletions in the records and documents. When returning such rejected claims, advice of the reason for returning them shall be furnished the regional operating division.

If the obligation for a state program is for a specified period, the Program Contract Accounting Section shall notify the regional operating division not less than 45 days prior to the expiration of such period to either exercise the 10-day cancellation clause in the contract or to extend the program period in the state.

2. Fund Accounting Section

The obligation and disbursement documents will be processed to the appropriate accounts by the Fund Accounting Section of the appropriate Regional Finance Office in accordance with Finance Instruction 511.1, General Ledger Procedure, and Finance Instruction 512.1, Allotment Ledger Procedure. Vouchers which, if posted to the allotment accounts, will cause an overdraft of the allotment, shall be deleted from the schedule and returned with related original vouchers to the Program Contract Accounting Section. The Program Contract Accounting Section shall be notified of the reason for the deletion. When posting disbursement vouchers to the allotment accounts, the contract numbers shall be entered in the descriptive column of the account for each voucher posted.

II. B. 2. (Cont.)

In cases where vouchers have been processed to the allotment account in excess of the previously authorized obligation for the state and subsequently the regional operating division submits a request for increase of obligations, the Program Contract Accounting Section should, upon receiving the Form FDA 509, determine the amount thereof that has been liquidated in order to establish as an unliquidated obligation only that portion remaining unpaid. In order to make this determination, the obligation control clerk will subtract the total "Certified For Payment" column on the obligation control sheet from the "Adjusted Encumbrance" on the Form FDA 509. The difference will be the amount to be recorded in the allotment account as "unliquidated obligations", notwithstanding that it may differ from the amount shown on Form FDA-509 as "increase", and should be written on the Form FDA 509 as the amount actually to be recorded. The Form 509 should then be forwarded to Fund Accounting Section for posting.

- III. DIRECT DISTRIBUTION: Obligations covering the canning phase of the school lunch program will be authorized by the regional Civilian Food Requirements Division upon receipt of an order from a sponsoring agency for a quantity of a commodity or commodities for processing. The operating branch will furnish the Regional Finance office an Encumbrance Request, Form FDA 508 in duplicate, showing the estimated amount to be established as an obligation. Such obligation documents shall be processed in the Fund Accounting Section and the Program Contract Accounting Section as described above.

Inasmuch as there is no practical basis for establishing obligations for other phases of the program involving direct distribution of commodities, there will be no documentation submitted for obligation purposes. Certified disbursement vouchers shall be recorded in the disbursement voucher column of the Allotment Ledger without liquidation thereby resulting in a reduction of the unobligated balance of allotment.

Program Contract Accounting
Commodity Voucher Examination
Special Procedure

EXHIBIT A
 Finance Letter No. 61
 Classification 511.1
 512.1
 551.3

WAR FOOD ADMINISTRATION
 COMMODITY CREDIT CORPORATION (OS) REGIONAL FINANCE OFFICE
 (Appropriation and Limitation Symbol)
 (Allotment Code)
 (School or Child Care Center Lunch Program)

OBLIGATION CONTROL SHEET
 State of _____

Date		Description	OBLIGATIONS			
			Certified for Payment	Unliquidated		
				(Liquida- tion Decrease	Increase	Balance
Illustrative Entries:-						
Unliquidated Obligation						
		Beginning balance		4000		4000
		Increases		100		4100
		Decreases		100		4000
		Certified for Payment (Daily Total)	3000	3000		1000
		" "	1200	1000		
		" "	500			
		" "	300			
		Unliquidated obligations			1000	1000
		Increase				

